

Message Text

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PAGE 01 EC BRU 07074 061101Z

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 DRC-01 AGR-20 DODE-00 H-03 L-03 PA-04

TAR-02 USIA-15 PRS-01 /213 W
----- 049965

R 051825Z DEC 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6121

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION NATO

USMISSION OECD PARIS

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EO 11652 NA

TAGS: PGOV, PFOR, ETRD, EEC

SUB: DECEMBER 3-4 EC COUNCIL (FOREIGN MINISTERS)

1. SUMMARY: THE OIL CRISIS IN THE EC WAS CLEARLY THE MOST
IMPORTANT ITEM AT THE DECEMBER 3-4 COUNCIL MEETING. ALTHOUGH
IT WAS NEITHER ON THE FORMAL AGENDA NOR MENTIONED IN THE
PRESS RELEASE ISSUED AFTER THE MEETING. THE MINISTERS DISCUSSED
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PAGE 02 EC BRU 07074 061101Z

OIL IN RESTRICTED SESSIONS BUT MADE NO DECISIONS AND IT WAS

CLEAR FROM COMMENTS OF SEVERAL MINISTERS AFTER THE MEETING THAT THE COUNCIL IS WAITING FOR GUIDANCE FROM THE COPENHAGEN SUMMIT REGARDING THE OIL SITUATION. THE MINISTERS ALSO DISCUSSED REGIONAL POLICY AT LENGTH BUT MADE NO PROGRESS TOWARD REACHING AGREEMENT. THE ACCOUNT OF THE DISCUSSION ON THE GATT ARTICLE XXIV:6 NEGOTIATIONS AS BEEN REPORTED IN EC BRUSSELS 7040. A NUMBER OF OTHER SUBJECTS WERE ALSO DISCUSSED, BUT THERE WERE FEW DECISIONS ON MAJOR ITEMS. THE INABILITY OR THE UNWILLINGNESS OF THE MINISTERS TO MAKE REQUIRED DECISIONS CLEARLY ILLUSTRATES THE MALAISE CURRENTLY AFFECTING THE EC. END SUMMARY.

2. OIL. THE ANNUAL DECEMBER RASH OF COUNCIL MEETINGS TO MEET YEAR-END DEADLINES BEGAN WITH SEPARATE MEETINGS OF THE FOREIGN MINISTERS AND THE FINANCE AND ECONOMIC MINISTERS ON DECEMBER 3 AND 4. THE TWO GROUPS OF MINISTERS MET BRIEFLY TOGETHER ON DECEMBER 4 TO HEAR COMMISSION VICE PRESIDENT SIMONET DISCUSS THE CRITICAL SITUATION IN THE COMMUNITY CAUSED BY THE SHORTAGE OF OIL SUPPLIES, BUT OTHERWISE THEY MET SEPARATELY (SEE EC BRUSSELS 7035 FOR THE REPORT OF THE FINANCE MINISTERS' MEETING). THE OIL CRISIS WAS CLEARLY THE CHIEF PREOCCUPATION OF THE FOREIGN MINISTERS AND TOOK UP MOST OF THEIR TIME, ALTHOUGH IT WAS NOT ON THE MEETING AGENDA AND WAS NOT MENTIONED IN THE PRESS RELEASE. IN A LONG AND TIGHTLY RESTRICTED SESSION, THE MINISTERS DISCUSSED THE CRISIS BUT REACHED NO DECISION; THE MINISTERS CLEARLY ARE WAITING FOR COPENHAGEN TO "DISCUSS THE POLITICAL ISSUES," AS STATED BY BELGIAN FOREIGN MINISTER VAN ELSLANDE.

3. REGIONAL POLICY. THE SECOND MOST IMPORTANT ISSUE WAS A FURTHER DISCUSSION OF REGIONAL POLICY. AGAIN, NO AGREEMENT WAS REACHED ALTHOUGH A DECISION IS NECESSARY BY JANUARY 1, 1974, TO ESTABLISH THIS NEW COMMUNITY PROGRAM. AT ITS FIRST DISCUSSION OF THE SUBJECT ON DECEMBER 3, THE MINISTERS COMMENTED ON THE COMMISSION'S PROPOSALS AND MOST OF THEM MADE SOME COUNTER-PROPOSALS. THEY RETURNED TO THE SUBJECT ON THE SECOND DAY IN A RESTRICTED SESSION. THERE APPARENTLY WILL BE NO MEANINGFUL DISCUSSION OF THE SIZE OF THE REGIONAL FUND UNTIL THERE IS SOME AGREEMENT ON THE CRITERIA TO BE APPLIED TO DETERMINE THE REGIONS WHICH REQUIRE AID. THE GERMANS HAVE AGREED THAT THERE SHOULD BE STRICTER CRITERIA SO THAT AID WOULD BE CONCENTRATED ON THE MOST NEEDY REGIONS. THEY ALSO REPORTEDLY WOULD LIKE TO SEE A SMALLER LIMITED OFFICIAL USE

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PAGE 03 EC BRU 07074 061101Z

FUND THAN THAT PROPOSED BY THE COMMISSION. AT THE END OF THE DISCUSSION, THE COMMITTEE OF PERMANENT REPRESENTATIVES WAS INSTRUCTED TO PREPARE THE SUBJECT FOR FURTHER CONSIDERATION AT THE DECEMBER 17-18 COUNCIL MEETING. VAN ELSLANDE COMMENTED LATER THAT THE CHIEF NET CONTRIBUTING MEMBER STATES (THE NETHERLANDS AND GERMANY) MADE CLEAR THEIR INTENTION TO GET SOME SATISFACTION REGARDING ENERGY BEFORE AGREEING TO THE AMOUNT OF THE FUTURE REGIONAL FUND.

4. MEDITERRANEAN POLICY. AT ITS FIRST SESSION THE COUNCIL DISCUSSED THE COMMISSION'S PROPOSALS FOR NEW INSTRUCTIONS FOR NEGOTIATIONS WITH SPAIN, ISRAEL AND THE MAGHREB COUNTRIES AND ESTABLISHED A WORKING PARTY TO PREPARE FOR A FURTHER DISCUSSION ON THE SECOND DAY. THE COUNCIL WAS UNABLE TO REACH AGREEMENT AND ENDED BY INSTRUCTING THE COMMITTEE OF PERMANENT REPRESENTATIVES TO CONTINUE ITS WORK ON THIS SUBJECT. BRITISH MINISTER DAVIES LATER COMMENTED THERE WAS NO MOVEMENT BY FRANCE AND ITALY ON AGRICULTURAL ITEMS. THERE WAS A GENERAL RELUCTANCE TO MOVE TOO FAST ON NEGOTIATIONS IN THIS AREA UNTIL THE COMMUNITY REACHES A DECISION REGARDING OIL. THE LACK OF PROGRESS ON SUBSTANTIVE ISSUES FORCED THE COUNCIL TO CONSIDER TRANSITIONAL TRADE ARRANGEMENTS TO COVER THE PERIOD BETWEEN JANUARY 1, 1974, (WHEN THE CURRENT STATUS QUO PROTOCOLS WITH ISRAEL AND SPAIN EXPIRE) AND THE ENTRY INTO FORCE OF THE NEW ARRANGEMENTS PRESENTLY BEING NEGOTIATED. (THIS ISSUE IS BEING REPORTED SEPARATELY.)

5. GENERALIZED PREFERENCES. THIS SUBJECT ALSO WAS DISCUSSED BOTH DAYS. AT THE FIRST SESSION THERE WAS GENERAL AGREEMENT ON THE COMMISSION'S PROPOSALS EXCEPT FOR COMMISSION SUGGESTIONS REGARDING ROMANIA: MEMBER STATES HAD A TOTAL OF SOME SIXTY PRODUCTS FOR WHICH THEY DESIRED EXEMPTION FROM GENERALIZED PREFERENCES WHICH MIGHT BE EXTENDED TO ROMANIA. THE ONLY SPECIFIC PRODUCT STILL GIVING TROUBLE FOR GENERALIZED PREFERENCES FOR OTHER COUNTRIES WAS TOBACCO, BECAUSE OF ITALIAN INTEREST. SOME CONCESSIONS ON PINEAPPLE WILL EVENTUALLY BE PART OF THE EC GENERALIZED PREFERENCES SYSTEM IN 1974 BUT A DECISION ON THIS PRODUCT WILL BE MADE IN THE CONTEXT OF THE ARTICLE XXIV:6 DISCUSSIONS. THE COUNCIL INSTRUCTED THE COMMITTEE OF PERMANENT REPRESENTATIVES TO PREPARE FOR THE DECEMBER 17-18 COUNCIL MEETING ALL THE REGULATIONS REQUIRED FOR PUTTING INTO EFFECT THE NEW
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PAGE 04 EC BRU 07074 061101Z

GENERALIZED PREFERENCES SCHEME ON JANUARY 1, 1974. AS THE RESULT OF CONSULTATIONS WITH THE ASSOCIATED AND ASSOCIABLE STATES, THE COUNCIL AGREED TO MAKE SOME CHANGES IN THE GENERALIZED PREFERENCES SCHEME AND INSTRUCTED THE COMMISSION TO PREPARE SUGGESTIONS FOR SUCH CHANGES.

6. MISCELLANEOUS. THE COUNCIL CONSIDERED A NUMBER OF OTHER SUBJECT. IT APPROVED, WITHOUT DEBATE, A STATEMENT OF "GENERAL PRINCIPLES" REGARDING THE COMMUNITY'S TRADE RELATIONS WITH JAPAN (SEE EC BRUSSELS 7033). IT NOTED THAT NEGOTIATIONS WITH BRAZIL AND INDIA ON TRADE AGREEMENTS ARE NEARLY FINISHED AND GAVE INSTRUCTIONS FOR THE COMPLETION OF THESE NEGOTIATIONS. IT CONSIDERED BRIEFLY TRADE WITH EAST EUROPEAN STATES AND AGREED TO RETURN TO THIS SUBJECT IN THE ANTICIPATED COUNCIL MEETING NEXT YEAR WHICH WILL BE DEVOTED TO A CONSIDERATION

OF THE COMMISSION PAPER ON COOPERATION AGREEMENTS WITH STATE TRADING NATIONS. IT NOTED THE REQUEST FROM IRAN FOR A NEW TRADE AGREEMENT AND INSTRUCTED THE COMMISSION TO SEEK CLARIFICATION. IT ALSO ADOPTED INSTRUCTIONS FOR COMMISSION PARTICIPATION IN THE GATT ALL-FIBER NEGOTIATIONS IN GENEVA.

7. COMMENT: THERE IS GENERAL UNHAPPINESS AND DISCOURAGEMENT IN THE COMMISSION AND AMONG MOST OF THE MEMBER STATE PERMANENT REPRESENTATIONS IN BRUSSELS AT THE FAILURE OF THE COMMUNITY MACHINERY TO PRODUCE ANY FORWARD MOVEMENT. THIS IS ESPECIALLY TRUE IN THE CASE OF SUBJECTS FOR WHICH THERE ARE LONG-ESTABLISHED DEADLINES. IN SUBJECTS IN WHICH MEMBER STATES ARE KNOWN TO HAVE GREAT POLITICAL INTEREST, SUCH AS REGIONAL POLICY FOR THE BRITISH AND THE IRISH, STRAINS ARE BEGINNING TO BECOME APPARENT BETWEEN THE MEMBER STATES. THE OIL CRISIS AND THE KNOWLEDGE THAT THE COMMUNITY HAS BEEN UNABLE TO ADOPT A COMMON POSITON ALSO CONTRIBUTE SIGNIFICANTLY TO THIS GENERAL FEELING OF MALAISE. WHETHER THE EUROPEAN SUMMIT MEETING AND THE REMAINING COUNCIL SESSIONS THIS MONTH WILL BRING ENOUGH PROGRESS TO CHANGE THE PRESENT RATHER PESSIMISTIC OUTLOOK AMONG COMMUNITY OFFICIALS REMAINS TO BE SEEN. END COMMENT.HARTMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 05 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU07074
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731244/aaaabgm.x.tel
Line Count: 191
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by rowellE0>; APPROVED <24-Sep-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DECEMBER 3-4 EC COUNCIL (FOREIGN MINISTERS)
TAGS: PGOV, PFOR, ETRD, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005